



DEPARTMENT OF THE NAVY
SPACE AND NAVAL WARFARE SYSTEMS COMMAND
4301 PACIFIC HIGHWAY
SAN DIEGO, CA 92110-3127

SPAWARINST 7040.8N
SPAWAR 01-4
27 Oct 97

SPAWAR INSTRUCTION 7040.8N

From: Commander, Space and Naval Warfare Systems Command

Subj: DELEGATION OF AUTHORITY FOR THE ADMINISTRATIVE CONTROL OF FUNDS

Ref: (a) Financial Management Regulations, DoD 7000.14-R, Chapter 1

Encl: (1) List of Agents Authorized to Commit and/or Obligate Funds Allocated to the Space and Naval Warfare Systems Command

1. Purpose. To update the names of Space and Naval Warfare Systems Command (SPAWAR) personnel authorized to approve either the commitment or obligation of funds allocated to SPAWAR, and to reflect new organizational codes.


2. Cancellation. SPAWAR Instruction 7040.8M

3. Policy.

a. In accordance with reference (a), effective 27 October 1997, all administrative control, jurisdiction and responsibility for funds allocated to SPAWAR and subject to any limitations thereon shall be passed to Captain David H. Grundies, SPAWAR Comptroller.

b. Enclosure (1) is a list of all agents of the SPAWAR Comptroller who are authorized to either approve the commitment or obligation of funds allocated to SPAWAR in the appropriation accounts designated. According to reference (a), these agents are deemed responsible under U.S. Code 1517 for limiting obligations and expenditures of funds to amounts currently available at the time of obligation or expenditure. Agents must comply with the requirements of paragraphs B.5. through B.7. of reference (a).

4. Action. Addressees will make sure that no action will be taken to either commit or obligate funds allocated to SPAWAR, without prior approval of one of the individuals listed in enclosure (1). Further, addressees should make sure that no action is taken to revise the scope or change the funding on any existing SPAWAR funding instrument, e.g., Project Order, Work Request, Request for Contractual Procurement, Military Interdepartmental Purchase Request, or Fiscal Sheet, without approval of one of the individuals listed in enclosure (1).


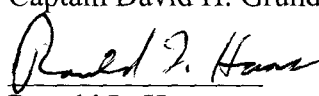
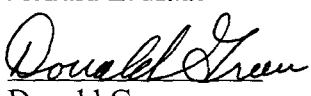


G.F.A. Wagner
Rear Admiral, U.S. Navy

SPAWARINST 7040.8N
27 Oct 97

Distribution:
SPAWAR List 5
SNDL Part II:
FKQ (SPAWARSYSCOM Activities)

Stocked:
SPAWAR 07 (SPAWAR Directives and Forms)

LIST OF AGENTS AUTHORIZED TO COMMIT
AND/OR OBLIGATE FUNDS ALLOCATES TO
THE COMMANDER, SPACE AND NAVAL WARFARE SYSTEMS COMMAND

<u>Code</u>	<u>Title</u>	<u>Name and Signature</u>	<u>Initials</u>	<u>Appropriations and Funds allocated to SPAWARSYSCOM</u>
01	Comptroller	 Captain David H. Grundies		All
01A	Deputy Comptroller	 Ronald L. Haas		All
01-4	Accounting Officer	 Donald Green		All
01-4A	Deputy Accounting Officer	 Loretta Finamore		All
01-41	Supervisory Accountant	 Yvonne Carlson		All
01-42	Supervisory Accountant	 R. Cummings		All
01-433	Operating Accountant, Financial Control	 Virginia M. Cade		All
01-434	Operating Accountant Financial control Division	 Sally G. Paredes		All

ENCLOSURE(1)



DEPARTMENT OF DEFENSE

***FINANCIAL MANAGEMENT
REGULATION***

VOLUME 14

ADMINISTRATIVE CONTROL OF FUNDS
AND
ANTIDEFICIENCY ACT VIOLATIONS

AUGUST 1995

UNDER SECRETARY OF DEFENSE
(COMPTROLLER)



COMPTROLLER

UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100



AUG -1 1995

FOREWORD

This Volume of the Department of Defense Financial Management Regulation is issued under the authority of DoD Instruction 7000.14, "DoD Financial Management Policy and Procedures," November 15, 1992. It governs financial management by establishing and enforcing requirements, principles, standards, systems, procedures, and practices necessary to comply with financial management statutory and regulatory requirements applicable to the Department of Defense. It directs financial management requirements, systems, and functions for all appropriated, working capital, revolving, and trust fund activities. In addition, it directs statutory and regulatory financial reporting requirements.

This Volume establishes procedures for DoD Components to use in identifying, investigating, reporting, and processing violations of the Antideficiency Act. These procedures are consistent with the policies established in DoD Directive 7200.1, "Administrative Control of Appropriations," May 7, 1984.

This Volume of the Regulation applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Unified Combatant Commands, the Inspector General of the Department of Defense, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "DoD Components").

This Volume of the Regulation is effective immediately and is mandatory for use by all DoD Components. Heads of DoD Components shall ensure that the provisions of this Volume are adhered to in day-to-day operations and in the design, modification, and maintenance of their Component's financial management and reporting system or systems. The Heads of DoD Components shall not issue supplementary directives and/or regulations without the prior written approval of the Office of the Under Secretary of Defense (Comptroller).

The reporting requirements in this regulation are exempt from licensing in accordance with paragraph E.4.f. of DoD 8910.1-M, "DoD Procedures for Management of Information Requirements," November 1986.

Forward recommended changes to this Volume of the Regulation through channels to the address below. Submit requests for deviations from or exceptions to specific standards, with justification, to:

Office of the Under Secretary of Defense (Comptroller)
1100 Defense Pentagon
Washington, DC 20301-1100

The Defense Finance and Accounting Service will provide copies of this Volume of the Regulation through its normal publication channels. Other Federal Agencies and the public may obtain copies of this Volume from the National Technical Information Service, 5235 Port Royal Road, Springfield, Virginia 22161; telephone (703) 487-4650.

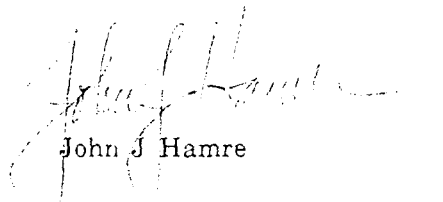

John J. Hamre

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CHAPTER 1

ADMINISTRATIVE CONTROL OF APPROPRIATIONS

A. PURPOSE

1. This chapter establishes policy and procedures for the administrative control of funds. Procedures and details for controlling available funds are contained in Appendix A. The DoD Components are required to establish and maintain effective controls over appropriations and other funds in accordance with this Chapter and Appendix A.

2. Definitions of terms used in this Volume are contained in Volume 1 of this Regulation.

3. The provisions of this Volume take precedence over any conflicting guidance in other volumes of this regulation, other DoD regulations, manuals, or directives, with the exception of DoD Directive 7200.1, "Administrative Control of Appropriations."

B. POLICY

1. Defense-wide Appropriations. Unless otherwise specified, for purposes of this Volume, the Office of the Deputy Comptroller (Program/Budget) shall be considered a "DoD Component" for matters involving Defense-wide (Treasury Symbol "97") appropriations.

2. Administrative Control Systems. DoD Components shall:

a. Design systems for the administrative control of funds so that administrative subdivisions of funds are placed at the highest practical organizational level consistent with effective and efficient management.

b. Restrict the use of limitations on available funds to those necessary to comply with statutory provisions, such as those imposed by the appropriate DoD Authorization or DoD Appropriations Act, or to address specific management requirements.

3. Reporting Requirements for Administrative Control Systems. DoD Components shall establish a reporting system for the administrative control of funds process to provide data for reviewing the efficiency (e.g., obligation rate) with which funds are used. Reporting requirements shall be established separately from an administrative subdivision of funds limitation when a need exists for accumulating data below the allotment level.

4. Delegations of Authority. All delegations or redelegations of authority or functions under this Chapter shall be made in writing. Appendix A provides additional information on this subject.

5. Statutory Limitations and Duties of DoD Officials. No DoD official shall authorize or create any obligation or make any expenditure beyond the amount permitted under any statutory

limitation that modifies or restricts the availability of funds. Special or recurring statutory limitations on DoD funds are frequently imposed by the DoD Authorization or Appropriations Acts, or may be imposed by other legislation. Specifically, DoD officials, including commanders and supervisors to whom funds are entrusted or apportionments or administrative subdivisions of funds are issued, shall:

- a. Limit any further subdivision of funds to the amount provided and currently available.
- b. Limit the obligation and expenditure of funds provided to the amount currently available at the time of the obligation or expenditure, enforce those limitations, and ensure that all personnel involved in administrative control and use of available funds are knowledgeable of such limitations.
- c. Limit the obligation and expenditure of funds provided to the purposes authorized by type of fund or account.
- d. Ensure that the obligation and expenditure of funds provide for a bona fide need of the period of availability of the fund or account.
- e. Preclude acceptance and use of voluntary services, gifts and donations except in accordance with specified provisions of law.
- f. Ensure that all personnel, including the actual fund users, contracting personnel, and other personnel involved in administrative control and use of available funds, are fully aware of, and comply with, the requirements of the Antideficiency Act as described in this Volume and other applicable guidance.
- g. Ensure that decisions on the obligation of funds are in compliance with the provisions of the Antideficiency Act by careful review and examination of the facts involved in advance of the decision.
- h. Rigorously enforce compliance with all the provisions of the Antideficiency Act and other specific laws that limit the obligation and expenditure of funds.
- i. Maintain internal control systems to ensure that:
 - (1) All available funds are identified, controlled, and recorded in the official accounting records from the time received until subdivided to others or obligated and expended.
 - (2) All available funds are identified with authorized purposes by account and period of availability for new obligations and for the period of availability for expenditure.
 - (3) All special and recurring provisions and limitations on the obligation and expenditure of funds are identified and documented for all available funds and accounts.

(4) All proposed obligations of funds are reviewed to ensure that sufficient funds are available to cover the obligation, that the purpose of the obligation is consistent with the authorized purposes of the fund or account, and that the obligation does not violate any special or recurring provisions and limitations on the incurrence of obligations.

j. Issue and maintain appropriate delegations of authority.

k. Ensure that amounts reported to the U.S. Treasury are accurate, that is, recorded accurately and posted to the correct appropriation account.

l. Ensure that general and specific internal controls are in place and operating as required by DoD Directive 5010.38, "Internal Management Control Program."

m. Ensure that appropriate training programs are in place to provide personnel with the knowledge, skills, and abilities to perform the duties specified above.

6. Apportionments, Allocations, Allotments, and Reimbursable Orders. The administrative control of appropriations process includes apportionments, allocations, allotments, and reimbursable orders. Information about those types of fund control mechanisms is contained in Appendix A to this Volume and Volume 2 of this Regulation.

7. Obligations and Expenditures. Available funds are used by the incurrence of obligations and expenditures. An amount shall be recorded as an obligation or expenditure when incurred as supported by documentary evidence of the occurrence of the event. An oral order or agreement shall be formalized in writing or conform to prescribed electronic standards in order to provide proper support and an audit trail for an obligation. Oral orders executed in this manner without a formal commitment of funds run a strong risk of violating the Antideficiency Act and should be avoided if at all possible.

a. Once incurred, all obligations and expenditures shall be recorded, accurately and promptly, as of the date incurred even if recordation results in a negative amount in the accounting records for an appropriation or fund, or an administrative subdivision of an appropriation. (For this purpose, negative amount means that obligations or disbursements exceed the amount of funds that are appropriated or otherwise available.) A violation resulting from a negative amount is caused by the actions of the individual(s) who caused or created the obligation. The recording of the obligation in the accounting system merely records an obligation that already exists.

b. Adjustments in obligations may consist of recording changes to obligation amounts that existed in a prior period that may or may not have been identified and recorded during that period. If an adjustment causes total obligations for a prior period, after consideration of all known valid obligations and deobligations, to exceed the amount that was available for obligation for that prior period, a potential violation of subsections 1341(a) or 1517(a), or both, of Title 31, United States Code, may have occurred.

c. A within-scope contract adjustment is properly chargeable to the funds that funded the original contract. Such adjustment must be charged to those funds even if sufficient funds are not available. If sufficient funds are not available, a potential violation may have occurred.

d. An increase-in-scope adjustment to a contract is properly chargeable to funds currently available at the time the change was made.

e. Additional guidance for both types of contract adjustments is available in chapter 25 of the DoD Accounting Manual, DoD 7200.9-M, or, when published, Volume 3 of this Regulation.

8. Administrative Control of Revolving Funds

a. General. Obligations and expenditures of a revolving fund, whether subject to, or exempt from, apportionment, shall be controlled under applicable provisions of this Chapter and Appendix A.

b. Cash Balances. The disbursement of amounts in excess of the Treasury [cash] balance of a revolving fund is a potential violation of the Antideficiency Act. Additionally, the disbursement of amounts in excess of the balance of sub-numbered cash accounts or other subdivisions of cash within a revolving fund, when such sub-numbered accounts or subdivisions have been specifically designated as being subject to the provisions of the Antideficiency Act, is a potential violation of the Antideficiency Act.

c. Apportionment. A revolving fund may be subject to apportionment or it may be exempt from apportionment, depending upon the type of fund.

(1) Revolving Funds Subject to Apportionment. An apportionment limits the obligations that may be incurred to the apportioned amount. The incurring of obligations in excess of apportioned budgetary resources is a potential violation of the Antideficiency Act without regard to whether a revolving fund has additional unapportioned budgetary resources or other assets equal to or greater than the amount of the deficiency.

(2) Revolving Funds Exempt from Apportionment. A revolving fund that is exempt from apportionment may not incur obligations in excess of available budgetary resources. The incurring of obligations in excess of available budgetary resources is a potential violation of the Antideficiency Act.

d. Budgetary Resources. The incurring of obligations in excess of budgetary resources is a potential violation of the Antideficiency Act. The concept of “budgetary resources” is defined and explained in OMB Circular A-34, “Instructions on Budget Execution.” Budgetary resources available to revolving funds are composed of the same elements as budgetary resources available to appropriated funds. Further, while budgetary resources available for obligation for reimbursable work differ depending upon whether a reimbursable order is accepted from a Federal

Government account or from the public, such budgetary resources are determined in the same manner for a revolving fund as they are for an appropriated fund.

(1) Orders from other Federal Government Accounts. Funded orders from other Federal Government accounts, that represent valid obligations of the ordering account, provide a budgetary resource without regard to whether they are accompanied by an advance payment.

(2) Orders from the Public. Orders from the public, including local and State governments and international organizations (e.g., United Nations), provide a budgetary resource only to the extent accompanied by an advance payment of cash which is received and credited to the account.

e. Organizational Level for Revolving Fund Potential Violations. Systems for the administrative control of revolving funds should be placed at each organizational level at which budgetary resources may be received, held, transferred, obligated, or expended. The lowest organizational level for administrative control purposes generally should be the level, frequently a single site, at which an obligation may be occurred or an expenditure approved. In the case of a revolving fund account that encompasses operations at multiple sites, responsibility for potential Antideficiency Act violations generally should not be assigned to an organizational level lower than the level at which the administrative control system is adequate to prevent, and detect, a potential violation of the Antideficiency Act.

9. Records

a. The Defense Finance and Accounting Service (DFAS), working with other DoD Components, shall ensure that accounting records are maintained that provide full disclosure of the financial operations and resource utilization applicable at each successive organizational level. The accounting records shall show the amounts of funds received at each organizational level, funds issued to others, current available balances, and funds committed, obligated, and expended.

b. These fund control records shall constitute an integral part of the official accounting records maintained for each successive organization level for the DoD Component. Financial reports reflecting funds received, issued, available and utilized shall be prepared from the official accounting records.

c. DoD Components shall maintain key records and documents on appropriations, allocations, and budgetary data for the funds for which they are responsible.

d. DoD Components shall retain, for 6 years, 3 months, workpapers and documentary evidence developed and/or obtained during an investigation of an actual or potential violation of the Antideficiency Act.

10. Annual Report of Evaluation. Each DoD Component shall annually conduct an evaluation of its overall administrative funds control processes as well as the processing of violations of the Antideficiency Act.

a. The evaluation shall address actions taken in the following areas:

- (1) To improve compliance with the Antideficiency Act.
- (2) To improve the timeliness of processing violations, including time spent on legal reviews.
- (3) To ensure the quality and independence of the investigators of potential violations.
- (4) To impose appropriate disciplinary action for all individuals determined to be responsible for a violation.
- (5) To improve the effectiveness of and compliance with internal controls over appropriations and funds in the Component.
- (6) To identify lessons learned from the investigation of violations of the Antideficiency Act, publicize the lessons learned and implement appropriate corrective actions to preclude the reoccurrence of violations of the Antideficiency Act.

b. The evaluation shall (1) address actions taken, for each of the six areas discussed above, in the prior fiscal year and (2) be completed by December 31 of each calendar year. The first evaluation shall be performed for fiscal year 1995. A copy of the results of the evaluation shall be provided to the Office of the Under Secretary of Defense (Comptroller) by January 31, 1996, and each January 31 thereafter.

c. The Office of the Under Secretary of Defense (Comptroller) shall review the evaluation reports and may request briefings or other actions as appropriate. In addition, DoD Components may be requested to evaluate areas of special interest.